United States Department of Agriculture
National Agricultural Statistics Service

WEEKLY AG UPDATE

USDA/NASS
NEW MEXICO FIELD OFFICE
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Crop Weather Farm Labor ERS Outlook

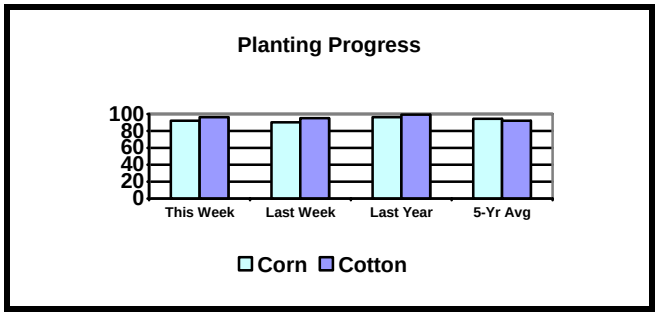
Available on the Internet: www.nass.usda.gov/nm , or by email (1-800-530-8810 for information)

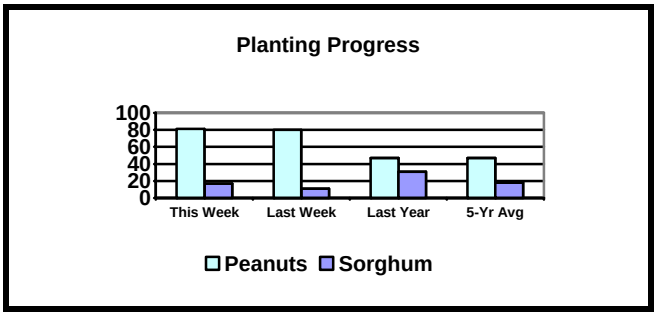
CROP SUMMARY FOR THE WEEK ENDING MAY 27, 2007

NEW MEXICO: There were 6.3 days suitable for field work. Topsoil moisture was 5% very short, 23% short, 71% adequate and 1% surplus. Wind damage was 4% light. Farmers spent the week cutting and bailing hay and irrigating crops. Alfalfa was reported as 2% poor, 31% fair, 44% good and 23% excellent with 90% of the first cutting complete and 34% of the second cutting complete. Cotton was reported as 6% poor, 50% fair, 25% good and 19% excellent with 96% planted. Corn was reported as 28% fair, 36% good and 36% excellent with 92% planted and 69% emerged. Irrigated sorghum was reported as 36% planted. Dry sorghum was reported as 4% planted. Total sorghum was reported as 17% planted. Irrigated winter wheat was reported as 15% fair, 74% good and 11% excellent with 100% headed. Dry winter wheat was reported as 60% fair, 28% good and 12% excellent with 100% headed. Total winter wheat was reported as 42% fair, 46% good and 12% excellent with 100% headed. Lettuce was reported as 10% poor, 35% fair, 35% good and 20% excellent with 90% harvested. Chile was reported as 7% very poor, 6% poor, 24% fair, 56% good and 7% excellent. Onion conditions were reported as 17% fair, 31% good and 52% excellent. Apples were reported as 25% very poor, 13% poor, 37% fair and 25% good with 67% light fruit set and 33% average fruit set. Pecans were reported as 1% very poor, 18% fair, 23% good and 58% excellent with 10% light nut set, 86% average nut set, and 4% heavy nut set. Peanuts were reported as 81% planted. Cattle conditions were reported at 2% poor, 17% fair, 58% good and 23% excellent. Sheep conditions were reported as 1% poor, 4% fair, 94% good and 1% excellent. Range and pasture conditions were reported as 1% poor, 23% fair, 67% good, and 9% excellent. Ranchers are marketing, moving and finishing branding cattle.

CROP PROGRESS PERCENTAGES WITH COMPARISONS

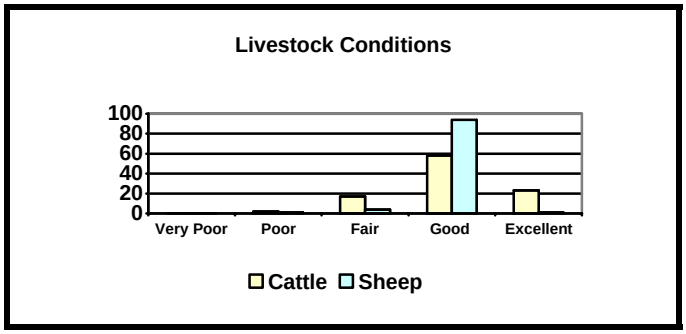
CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CORN	Planted	92	90	96	94
CORN	Emerged	69	68	67	72
COTTON	Planted	96	95	99	92
LETTUCE	Harvested	90	75	98	87
PEANUTS	Planted	81	80	47	47
SORGHUM (ALL)	Planted	17	11	31	18





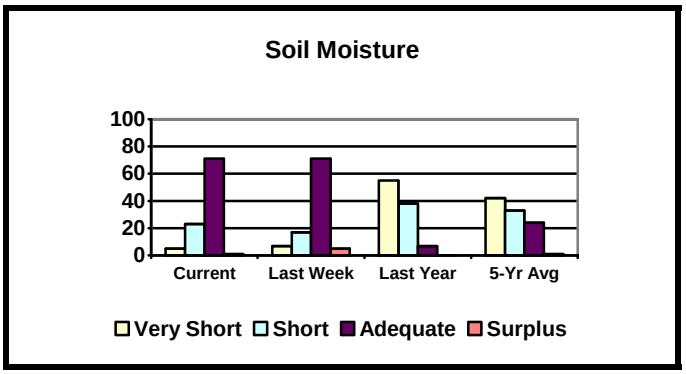
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	---	2	31	44	23
Corn	---	---	28	36	36
Cotton	---	6	50	25	19
Chile	7	6	24	56	7
Lettuce	---	10	35	35	20
Pecans	1	---	18	23	58
Onions	---	---	17	31	52
Wheat (All)	---	---	42	46	12
Cattle	---	2	17	58	23
Sheep	---	1	4	94	1
Range/Pasture	---	1	23	67	9



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	19	25	55	1
Northeast	---	36	63	1
Southwest	---	7	93	---
Southeast	---	5	91	4
State Current	5	23	71	1
State-Last Week	7	17	71	5
State-Last Year	55	38	7	---
State-5-Yr Avg.	42	33	24	1



WEATHER SUMMARY

Isolated to scattered thunderstorms were over most of the state except the extreme west every day but Tuesday. Some severe weather over the central and east Thursday and eastern plains Friday through Sunday. Temperatures were near normal except above normal extreme west and slightly below normal southeast.

NEW MEXICO WEATHER CONDITIONS - MAY 21 - 27, 2007

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	05/21 05/27	05/01 05/27	01/01 05/27	Normal May	Normal Jan-May
Farmington	58.9	81	36	0.76	1.86	4.91	0.67	3.15
Gallup	59.4	80	34	0.03	1.26	3.58	0.51	3.74
Capulin	52.9	73	34	1.52	3.37	6.98	2.30	5.16
Chama	50.9	71	30	0.44	2.29	9.01	1.11	7.72
Johnson Ranch	55.3	77	30	0.39	1.48	3.32	0.62	3.09
Las Vegas	55.5	75	32	0.31	2.36	4.93	1.82	4.36
Los Alamos	55.5	71	36	0.40	1.63	5.12	1.17	5.05
Raton	57.2	80	37	0.16	1.17	2.64	2.27	5.17
Red River	46.4	67	27	0.65	2.72	9.73	1.77	7.52
Santa Fe	60.1	79	37	0.34	1.16	3.83	1.22	4.09
Clayton	61.6	81	42	0.40	4.50	6.48	1.99	4.03
Clovis	65.8	84	46	0.30	2.43	7.41	1.87	4.17
Roy	58.4	78	35	1.15	2.58	4.45	1.84	3.98
Tucumcari	67.4	89	45	0.16	0.81	3.68	1.49	3.49
Grants	58.7	84	28	0.25	0.99	2.94	0.53	2.48
Quemado	56.6	79	27	0.00	0.39	1.96	0.50	3.45
Albuquerque	65.9	82	46	0.32	1.32	3.91	0.50	2.46
Carrizozo	62.3	79	45	0.75	2.57	5.24	0.62	2.72
Socorro	65.0	84	46	0.00	1.38	3.66	0.52	1.93
Gran Quivira	59.0	78	37	0.26	2.06	4.78	0.82	3.70
Moriarty	57.6	78	33	0.06	2.06	5.49	0.97	3.07
Ruidoso	55.1	71	36	1.09	4.48	1.94	0.87	5.11
Carlsbad	71.1	90	55	0.00	2.92	8.30	1.16	2.65
Roswell	67.8	87	48	0.13	2.55	5.67	1.24	3.23
Tatum	65.6	84	49	0.82	4.18	8.26	2.09	4.14
Alamogordo	72.5	87	56	0.32	0.32	2.85	0.45	2.38
Animas	71.2	91	51	0.00	0.05	2.68	0.18	2.04
Deming	69.1	89	48	0.24	0.87	3.03	0.19	1.73
Las Cruces	70.7	87	49	0.81	1.94	4.61	0.29	1.55
T or C	67.4	85	51	0.27	1.49	3.37	0.49	1.89

(T) Trace (-) No Report (*) Correction
All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

QUARTERLY FARM LABOR

NEW MEXICO-ARIZONA: There were 17,000 hired workers on farms and ranches in New Mexico and Arizona during the week of April 8-14, 2007, the same as a year ago. Average hours worked by all hired workers decreased to 44.5 hours a week compared to 48.7 hours last year. Wage rates for field workers were up from the previous year at $8.25 an hour, an increase of 11 cents. Livestock worker wages were down slightly to $8.88, compared to $9.13 an hour in April 2006. Overall, average wage rates for all hired agricultural workers increased to $9.28 an hour.

UNITED STATES: There were 961,000 hired workers on the Nation's farms and ranches during the week of April 8-14, 2007, unchanged from a year ago. A large increase in California was enough to offset the large declines in hired workers in most other regions, resulting in a net change of zero from last April. Of these hired workers, 720,000 workers were hired directly by farm operators. Agricultural service employees on farms and ranches made up the remaining 241,000 workers. Farm operators paid their hired workers an average wage of $10.17 per hour during the April 2007 reference week, up 39 cents from a year earlier. Field workers received an average of $9.35 per hour, up 40 cents from last April, while livestock workers earned $9.55 per hour compared with $9.31 a year earlier. The field and livestock worker combined wage rate, at $9.41 per hour, was up 35 cents from last year. The number of hours worked averaged 40.6 hours for hired workers during the survey week, down fractionally from a year ago.

Workers on Farms, Hours worked Per Week, and Wage Rates for All Hired Workers, Selected Regions and U.S., April 2006-2007

	Mountain II [2/]		Mountain III [3/]		Southern Plains [4/]		United States [5/]	
	Apr 9 - 15 2006	Apr 8 - 14 2007	**Apr 9 - 15 2006**	**Apr 8 - 14 2007**	Apr 9 - 15 2006	Apr 8 - 14 2007	Apr 9 - 15 2006	Apr 8 - 14 2007
Workers on Farms	----------Thousands----------							
All Hired Workers	19	20	**17**	**17**	55	50	720	720
Hours Worked	----------Hours Per Week----------							
All Hired Workers	50.6	41.6	**48.7**	**44.5**	39.2	37.9	40.8	40.6
Wages By Work Type	----------Dollars Per Hour----------							
Field	8.38	9.16	**8.14**	**8.25**	8.24	8.35	8.95	9.35
Livestock	8.98	9.75	**9.13**	**8.88**	9.06	9.41	9.31	9.55
Field & Livestock	8.65	9.45	**8.60**	**8.51**	8.64	8.80	9.06	9.41
All Workers	9.08	9.97	**9.17**	**9.28**	9.37	9.22	9.78	10.17

[1/] Excludes agricultural service workers. [2/] Mountain Region II consists of CO, NV & UT. [3/] Mountain Region III consists of AZ & NM. [4/] Southern Plains region consists of OK & TX. [5/] Excludes AK.

Ethanol Expansion in the United States

USDA, ERS, OUTLOOK – May 21, 2007

Ethanol's Effect on Agriculture Larger Than It's Role in the Gasoline Market: Most ethanol production in the United States uses corn as the feedstock. Although cellulosic-based production of renewable fuels holds some promise in the long term, much research is needed to make it commercially viable and expand beyond the 250-million-gallon minimum mandated for 2013 in the Energy Policy Act.

Ethanol's share in the overall gasoline market is relatively small, but its importance to the corn market is comparatively large. In 2006, ethanol (by volume) represented about 3.5 percent of motor vehicle gasoline supplies in the United States. However, about 14 percent of corn use went to ethanol production in the 2005/06 crop year. While carryover stocks of corn represented about 17.5 percent of use at the end of 2005/06, expanded use of corn to produce ethanol in the 2006/07 crop year will leave the ending stocks-to-use ratio at 7.5 percent (USDA, April 2007).

With continued strong ethanol expansion, USDA's 2007 long-term projections indicate that more than 30 percent of the corn crop will be used to produce ethanol by 2009/10, remaining near that share in subsequent years. Corn carryover stocks remain tight over the next 10 years, representing 4-6 percent of annual use. Still, even by 2017, ethanol production (by volume) represents less than 8 percent of annual gasoline use in the United States.

How Will Agricultural Markets Adjust? Expansion of the U.S. ethanol sector has large and far-reaching effects throughout the agricultural sector. The corn market is affected directly by the increase in ethanol production. Corn used to produce ethanol rises rapidly over the next several years and is expected to reach 4 billion bushels annually by 2010/11.

Other crops are affected as movements in relative prices trigger supply and demand adjustments. Effects are also seen in the livestock sector due to higher costs of feeding animals. And all of these changes have implications for farm income and retail food prices. Most of the adjustments in agriculture occur over the next several years, during the largest expected increase in ethanol production.

Direct Effects for Corn: As the ethanol industry absorbs a larger share of the corn crop, higher prices for corn will intensify demand competition among domestic industries and foreign buyers of feed grains. USDA's 2007 long-term projections show average corn prices reaching $3.75 a bushel in the 2009/10 marketing year and then declining to $3.30 by 2016/17 as the ethanol expansion slows. Corn prices at these levels are record high and are unprecedented on a sustained basis, exceeding the previous high average over any 5-year period by more than 50 cents a bushel.

Higher corn prices affect corn's role as an animal feed. Livestock feeding is the largest use of U.S. corn, typically accounting for 50-60 percent of the total. With higher prices, corn used for animal feeding declines to 40-50 percent of total use over the next decade. A co-product of dry-mill ethanol production, distillers grains can be used as a livestock feed, particularly for ruminant animals such as beef cattle and dairy cows. Mono-gastric animals, such as hogs and poultry, are more limited in their ability to use distillers grains in rations (see box, "Livestock Feed Use of Distillers Grains").

The increased use of corn for ethanol production and higher corn prices have important implications for global trade and international markets. The United States has typically accounted for 60-70 percent of world corn exports. With the ethanol expansion and higher prices, however, the U.S. share of global corn trade drops to 55-60 percent. Global adjustments to higher corn prices include reduced foreign demand and increased foreign production. Higher corn prices and producer returns also encourage farmers to increase corn acreage. Much of this increase occurs by adjusting crop rotations between corn and soybeans. Other sources of land for increased corn plantings include cropland used as pasture, reduced fallow, acreage returning to production from expiring CRP contracts, and shifts from other crops such as cotton. USDA's *Prospective Plantings* report, released on March 30, 2007, showed farmers' planting intentions for corn exceeding 90 million acres this year, up over 12 million acres from 2006.

On balance, increased use of corn to produce ethanol results in higher prices, which trigger reductions in other demands and increases in supplies to bring the corn market into equilibrium. In this new equilibrium, carryover stocks of corn are reduced, as the sector attempts to balance, through price signals, current use with future market needs. Lower stocks make the sector potentially more volatile and susceptible to market shocks such as a reduction in production due to drought (see box, "Potential Market Volatility Likely to Increase").

Indirect Effects on Other Crops: Plantings for crops that compete with corn or soybeans for acreage in some regions of the country are also likely to decline. Planting intentions for 2007 indicated a 3-million-acre decline in upland cotton acreage, for example. Shifts for other crops, such as wheat and rice, would be smaller, so price impacts and demand adjustments would be smaller as well.